

Message Text

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43

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-09 ISO-00 FEA-01

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FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-03 /111 W

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R 311400Z JAN 75

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC 0477

AMEMBASSY ACCRA

AMEMBASSY ALGIERS

AMEMBASSY ATHENS

AMEMBASSY BAMAKO

AMEMBASSY BELGRADE

AMEMBASSY CANBERRA

AMEMBASSY FREETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY MONROVIA

AMEMBASSY MOSCOW

AMCONSUL PARAMARIBO

AMEMBASSY PORT AU PRINCE

AMEMBASSY PORT OF SPAIN

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY THE HAGUE

AMEMBASSY YAOUNDE

C O N F I D E N T I A L CONAKRY 0179

E.O. 11652: GDS

TAGS: EMIN GV UR

SUBJECT: SOVIET VIEWS ON GUINEAN BAUXITE TAX

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1. SOVIET MINISTER-COUNSELLOR AGAPOV, DURING LONG EXCHANGE OF VIEWS JAN 30, SAID THAT SOVIET EMBASSY GREATLY INTERESTED BY GOG "NEW ECONOMIC POLICY," SPECIFICALLY REGARDING BAUXITE TAX. HE VOLUNTEERED THAT NEW POLICY AND TAX SEEM TO APPLY MAINLY TO "MIXED COMPANIES," MEANING GUINEAN JOINT ENDEAVORS WITH FOREIGN PRIVATE INVESTORS. AGAPOV WONDERED ABOUT US REACTION TO THESE MOVES. I RESPONDED THAT US IN DIFFERENT POSITION THAN SOVIETS IN THAT USG NOT DIRECTLY INVOLVED. WE ALSO, NATURALLY, MUCH INTERESTED IN RECENT DEVELOPMENTS. US AND US COMPANIES HAD EXPECTED AN INCREASE IN BAUXITE PRICES, BUT WE AGREED THAT EXPORT TAX WAS UNEXPECTED ELEMENT. US COMPANIES WERE NOW STUDYING PRESIDENT'S SPEECH, NEW TAX LAW, AND APPLICATION OF TAX IN CONTEXT OF THEIR AGREEMENT WITH GUINEAN GOVERNMENT. THEIR VIEWS WOULD UNDOUBTEDLY COME TO LIGHT FOLLOWING CBG BOARD MEETING, WHICH WE BELIEVED WOULD BE HELD END OF FEBRUARY.

2. I ASKED AGAPOV ABOUT SOVIET KINDIA BAUXITE OPERATION. I AGREED WITH HIM THAT SEKOU TOURE SPECIFICALLY MENTIONED PRIMARILY MIXED COMPANIES: CBG AND FRIGUIA. HOWEVER, TOURE ALSO SAID THAT NEW TAX AND POLICY COULD BE APPLIED TO ALL BAUXITE OPERATIONS, PRIVATE, MIXED AND GOVERNMENTAL. AGAPOV AGREED THAT THERE WERE "FEW LINES" IN TOURE'S SPEECH THAT MIGHT BE APPLIED TO SOVIET OPERATION. HE CLAIMED THAT SOVIETS DID NOT KNOW HOW KINDIA OPERATION WOULD BE AFFECTED. HE SAID THAT GUINEANS HAD NOT YET RAISED MATTER WITH SOVIETS, AND SPECIFICALLY THAT THEY HAD NOT ASKED SOVIETS TO PAY TAX. (COMMENT: IN SEPARATE CONVERSATION, YUGOSLAV COUNSELLOR MALETIC SAID THAT HE HAD TALKED WITH SOVIETS ABOUT TAX, AND HAD FOUND THEM VERY MUCH CONCERNED ABOUT ITS EFFECT ON THEIR OPERATIONS. AS EMBASSY HAS REPORTED, MANY OBSERVERS HERE BELIEVE THAT EXPORT TAX IS DESIGNED IN LARGE MEASURE TO OBTAIN REVENUE FROM SOVIET BAUXITE EXPORTS.)

3. I THEN ASKED AGAPOV HOW THE KINDIA OPERATION WAS GOING. I NOTED THAT SEVERAL MONTHS AGO THERE WERE LARGE STOCKS OF BAUXITE IN CONAKRY PORT BUT THESE STOCKS NOW SEEM DEPLETED. WAS THIS BECAUSE OF MORE RAPID EXPORTATION OR HAD SOME PROBLEMS DEVELOPED? AGAPOV RESPONDED THAT KINDIA OPERATION STILL IN EXPERIMENTAL STAGE. HE SAID THAT SO FAR 500,000 TONS OF BAUXITE HAD BEEN EXPORTED. HE ADMITTED THAT THERE HAD BEEN SOME PROBLEMS, AND MENTIONED IN PARTICULAR PROBLEMS WITH THE

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RAILROAD. HE SAID THAT ON SOME RECENT OCCASIONS TRAINS DID NOT OPERATE FOR SEVERAL DAYS AT A TIME. HE THOUGHT, HOWEVER, THAT THESE PROBLEMS COULD BE OVERCOME.
MACDONALD

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